This seventh edition of *The 1040 Handbook* is meant to be a practical guide on how to use the federal 1040 tax return as a principal discovery document in marital dissolution (divorce) cases.

*The 1040 Handbook* is designed to assist attorneys in retrieving probative information from an individual income tax return that may be relevant to the determination of cash flow, the discovery of assets, the appraisal of businesses and professional practices, and other valuable financial information.

*The 1040 Handbook* includes copies of schedules and forms most commonly found in individual income tax return and contains a thorough discussion of those schedules or forms that are typically most relevant.

A sample tax return for Wendy and Harold Taxpayer, a hypothetical estranged couple, is integrated into each section of the book. The sample tax return contains forms and schedules that reflect a variety of financial enterprises. Each section was originally written by a lawyer and an accountant in order to provide the benefit of the analytic approaches of both professions. Jack Zuckerman has revised and updated most of the sections contained in prior editions of the handbook.

The analysis found in each section is based on the tax law and the Internal Revenue Code in effect for the 2016 and 2017 tax returns. Recent changes in the Internal Revenue Code and the tax law should be discussed with a CPA or other tax expert.

*The 1040 Handbook* does not attempt to include every conceivable question for every schedule but merely directs the reader to the most common areas of inquiry. The 1040 return should not be the beginning and end of discovery. Rather, it should provide a basic overview of a spouse’s financial picture and a basis for meaningful and focused discovery. It can also provide a useful cross-check to other discovery materials.

A review of the latest available tax return and three to five years of prior federal and state tax returns will usually provide a good overview of the financial history of the parties.

An attorney is not expected to read this book from cover to cover. Instead, a review may be
limited to those tax forms that are relevant to a specific case. For example, if the opposing client is to be deposed and his or her latest tax return is available, the attorney taking the deposition can refer to the sections of this book that correspond to the schedules in the deponent’s return. The 1040 Handbook contains appropriate areas of inquiry or specific questions for the most common forms encountered on individual tax returns.

The 2017 tax return was the latest available return at the time of publication. Many tax forms typically do not change radically from year to year. As a result, even if forms may change in future years, the 2017 forms included herein will probably provide a reliable model for undertaking a review of a client’s pretax returns for years subsequent to 2017. The 1040 Handbook contains information relative to future tax rates, phaseout provisions, and other changes resulting from the enactment of the Tax Cuts and Jobs Act of 2017. The references to future changes in tax law allow The 1040 Handbook to be a useful reference guide to understanding tax returns for years subsequent to 2017.

While The 1040 Handbook provides guidance and education, it is not a substitute for expert opinion on tax matters in marital dissolution matters; however, a personal familiarity with a party’s individual tax returns will significantly improve the attorney’s ability to represent a client. Engaging a forensic accountant’s analysis will also be augmented by an understanding of their client’s individual tax returns and the returns of the opposing party.